



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



FILE COPY

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March 6, 2012

Mary Wheeler-Jones  
Leo G. (Gary) Stoff, Jr.  
Directors of Election  
Board of Election Commissioners  
300 N. Tucker Blvd.  
St. Louis, MO 63101-1914

RE: Fixed Assets Review of the Board of Election Commissioners (Project #2011-56)

Dear Ms. Wheeler-Jones and Mr. Stoff:

Enclosed is the Internal Audit Section's Fixed Assets Review report of the Board of Election Commissioners as of October 2011. A description of the scope of our work is included in the report.

Fieldwork was completed on November 2, 2011. Management's responses to the observations and recommendations noted in the report were received on March 1, 2012 and have been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure



# CITY OF ST. LOUIS

**BOARD OF ELECTION COMMISSIONERS**

**FIXED ASSETS REVIEW**

**AS OF OCTOBER 2011**

**PROJECT #2011-56**

**DATE ISSUED: MARCH 6, 2012**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
BOARD OF ELECTION COMMISSIONERS  
FIXED ASSETS REVIEW  
AS OF OCTOBER 2011**

**EXECUTIVE SUMMARY**

**Purpose**

The Internal Audit Section (IAS) has completed a review of fixed assets for the Board of Election Commissioners (BEC). The purpose was to determine if the BEC effectively and efficiently manages risks to ensure:

- Compliance with applicable laws, regulations, policies and procedures
- Safeguarding of assets
- Reliability and integrity of Fixed Assets Property Listing (FAPL) reports
- Economic and efficient use of resources

The Fixed Assets Management System (FAMS) is the City of St. Louis' means of tracking fixed assets. These assets must have an initial purchase value of \$5,000 or more, be tangible in nature, and possess a useful life of more than one year.

Property control items are defined as items that do not meet the above criteria, but are assets that need to be tracked. These items usually have an initial purchase price of \$1,000 or more or may consist of computer equipment of significant value.

**Scope and Methodology**

The review was confined to evaluating the BEC's internal controls over the operational and fiscal activities pertaining to FAMS. The review procedures included inquiries of management and staff, observations of relevant processes, and reviews for compliance with policies and procedures, as well as applicable laws and regulations. Limited tests of controls, follow-ups on prior audit observations, and other procedures considered necessary were performed.

**Background**

The BEC is responsible for conducting all elections held within the City of St. Louis. The primary fixed assets maintained by the BEC consist of a comprehensive electronic voting system acquired in 2006, and previously acquired election and computer equipment.

**Exit Conference**


An exit conference was conducted at the BEC on February 23, 2012. The BEC was represented by the two Directors of Election. The Internal Audit Section was represented by the Audit Supervisor and the Auditor-in-Charge.

## Conclusion

The opportunity exists for the BEC to improve internal controls over fixed assets and property control items. The following is the observation resulting from the review:

- Opportunity to improve controls over property control items

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

  
Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

  
Date

**CITY OF ST. LOUIS  
BOARD OF ELECTION COMMISSIONERS  
FIXED ASSETS REVIEW  
AS OF OCTOBER 2011**

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## **OBSERVATIONS**

### **Status of Prior Observations**

There was no recent review of the BEC's fixed assets within the past five years. Therefore there are no observations to be followed up on.

### **Summary of Current Observations**

An opportunity exists for the BEC to improve internal controls over fixed assets. The following is the observation resulting from the review:

- Opportunity to improve controls over property control items

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **Opportunity To Improve Controls over Property Control Items**

Inquiries to the management of the Board of Election Commissioners (BEC) disclosed an opportunity for improvement of controls. The BEC had not maintained internal lists of property control items.

Section 110.30 of the City's Fixed Asset Management System (FAMS) Policy and Procedures Manual requires physical and accounting controls to safeguard capitalized and non-capitalized assets at the budgetary level of the organizational unit, and that each organizational unit designates one or more employees as the FAMS Coordinator(s) to monitor the custodial/stewardship responsibility function. One of the FAMS Coordinator's duties is to conduct a periodic comparison of physical inventory to recorded quantities of fixed assets and property control items.

The BEC did not have a designated FAMS Coordinator. Some of the duties of monitoring the BEC's function of custodial/stewardship responsibility for assets had been informally carried out by one or more of BEC's Deputy Directors, Assistant Deputy Directors, and Administrative Deputies.

The absence of internally maintained lists of property control items increases the risk that those assets may be misused, lost or stolen.

### **Recommendation**

It is recommended that the Board of Election Commissioners:

- A. Establish and maintain internal lists of all property control items under its control.
- B. Designate a full-service FAMS Coordinator.
- C. Ensure that the FAMS Coordinator regularly performs the duties of the custodial/stewardship responsibility function required by Section 210.08 of the FAMS Policy and Procedures Manual. Those duties would include, but not be limited to:
  1. Reviewing and confirming that all valid fixed asset transactions are recorded on a timely basis at proper values, and are properly classified.
  2. At least quarterly, conducting a periodic comparison of physical inventory to the quantities of fixed assets and property control items indicated on the FAPL.
  3. Verifying inter- and infra-organizational (i.e., within or between departments) transfers and reporting them to the FAMS Section of the Comptroller's Office.

## ***Management's Response***

*We are pleased to report that all of the recommendations contained in the draft report have been implemented. Specifically:*

### ***A. Establish and Maintain Internal Lists of all Property Control Items.***

*The report recommended that the BEC establish and maintain internal lists of all property control items under its control. During the course of the audit, the BEC established such a list that now properly identifies both those assets required to be listed on the FAMS report (i.e. fixed assets with a dollar value of \$5,000 or more) and assets of a lesser value but which the BEC, as an organization, should track to insure that we have a working knowledge of all assets under our control. This list reflects, for each asset; the acquisition date, the purchase price or dollar value, its location at the BEC, and the department or individual with primary custody of it.*

### ***B. Designate a Full-Service FAMS Coordinator.***

*The BEC has designated the IT Administrative Deputy as the "full-service FAMS Coordinator" who will be primarily responsible for updating the FAMS report each quarter, as well as the master list of all property control items referred to above. He will be backed up by the Manager of Budget and Personnel.*

### ***C. Ensure that the FAMS Coordinator Regularly Performs the Duties Required by Section 210.08 of the FAMS Policy and Procedures Manual.***

*The BEC is developing a written policy respecting the duties of the FAMS Coordinator that will clearly define the responsibilities set forth in Section 210.08 of the FAMS Policy and Procedures Manual and the undersigned will periodically monitor the work of the FAMS Coordinator to insure that those duties are being properly discharged.*